



Q3-2021 RESULTS
CONFERENCE CALL

November 4th, 2021 | 9AM Eastern



Southport, Halifax

This presentation may contain forward-looking statements with respect to Killam Apartment REIT and its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward-looking words such as “may”, “will”, “expect”, “estimate”, “anticipate”, “intends”, “believe” or “continue” or the negative thereof or similar variations. The actual results and performance of Killam Apartment REIT discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Important factors that could cause actual results to differ materially from expectations include, among other things, risks and uncertainties relating to the COVID-19 pandemic, general economic and market factors, competition, changes in government regulation and the factors described under “Risk Factors” in Killam’s annual information form, Killam’s Management’s Discussion and Analysis for the three and nine months ended September 30, 2021, and other securities regulatory filings. The cautionary statements qualify all forward-looking statements attributable to Killam Apartment REIT and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date to which this presentation refers, and the parties have no obligation to update such statements.



Grow Same Property NOI

- 2021 Target: >2%, subject to COVID-19 related restrictions being lifted by Q3-2021.
- **Revised in Q3-2021: >4.0%
- YTD 2021 Performance: 5.0%

Expand the Portfolio Through Acquisitions

- 2021 Target: Acquire a minimum of \$100M.
- YTD 2021 Performance: Acquired \$390M in acquisitions YTD-2021.

Diversify Geographically

- 2021 Target: Earn >32% of 2021 NOI outside Atlantic Canada.
- YTD 2021 Performance: Killam is on track to exceed this target with 33% of NOI generated outside Atlantic Canada year-to-date.

Develop High-Quality Properties

- 2021 Target: Complete 166 units (two buildings) and break ground on two additional developments (>150 units).
- YTD 2021 Performance: 10 Harley was completed in Q1. The Kay was originally expected to be completed in Q4-2021 and is now expected to be completed by March 2022.

Strengthen the Balance Sheet

- 2021 Target: Maintain debt as a % of assets ratio below 47%.
- YTD 2021 Performance: 44.1% as of September 30, 2021.

Improve Sustainability

- 2021 Target: Minimum \$5M investment in energy initiatives to reduce Killam's carbon footprint.
- YTD 2021 Performance: Year-to-date Killam has invested \$3.2 million on energy projects. Despite supply-chain delays, Killam is forecasting \$5.0 million by the end of the year.

The Alexander patio, Halifax



\$46.6M

Net income

\$46.6 million, an increase of \$9.1 million from Q3-2020 from fair value gains realized on investment properties, along with increased earnings from both existing and new properties.

\$0.30

FFO per Unit Growth

\$0.30 per unit, an 11.1% increase from \$0.27 per unit in Q3-2020.

44.1%

Debt to Total Assets

Flexible capital structure with a conservative balance sheet.

7.4%

Same Property NOI Growth

7.4% growth in Q3-2021 with a 160 bps improvement in operating margin.

66%

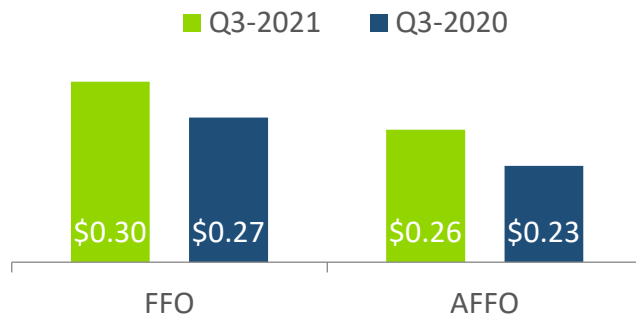
AFFO payout ratio

66% AFFO payout ratio in Q3-2021, a 900-basis point decrease from Q3-2020. Rolling 12-month AFFO payout ratio decrease 400 basis point to 77%.

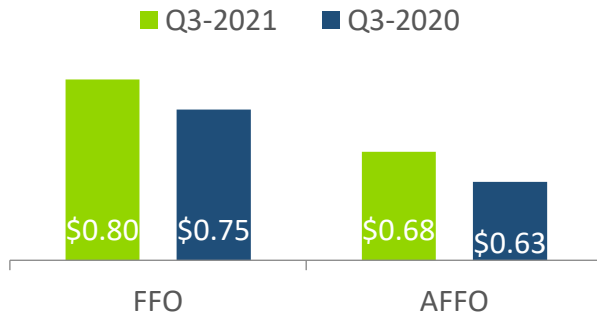
Q3-2021 | Financial Highlights

Strong FFO and Same Property NOI Growth due to rental rate growth, improved occupancy and modest expense growth.

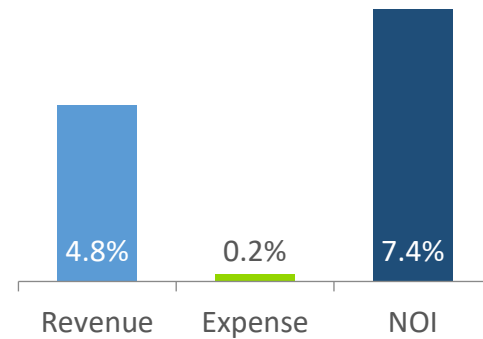
Q3 FFO & AFFO Per Unit



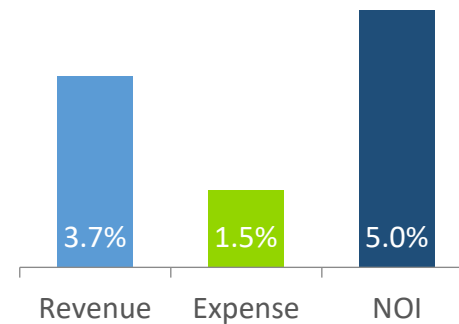
YTD FFO & AFFO Per Unit



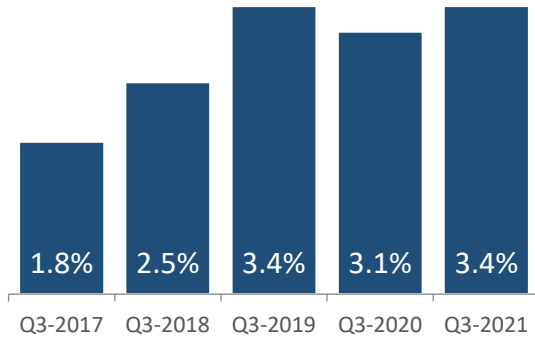
Same Property Portfolio Performance For the three months ended Sept 30, 2021



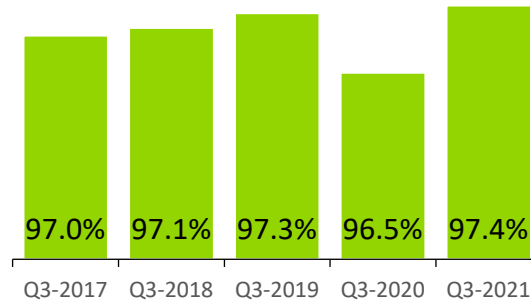
Same Property Portfolio Performance For the nine months ended Sept 30, 2021



Apt Same Property Avg Rental Rate Increase

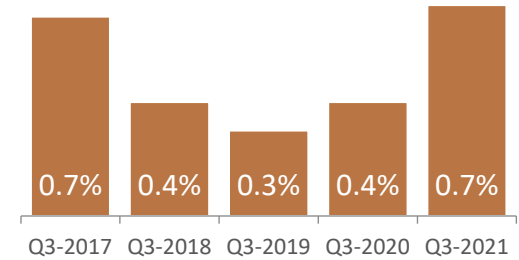


Apt Same Property Occupancy⁽¹⁾



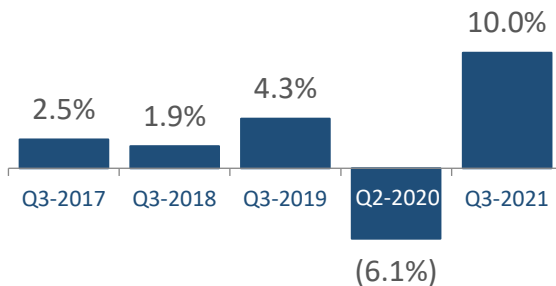
(1) Measured as dollar vacancy for the quarter.

Apt Same Property Incentive Offerings⁽²⁾

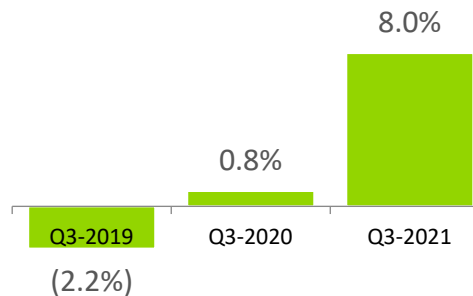


(2) Measured as a percentage of residential rent.

MHC Same Property Net Revenue Growth



Commercial Same Property Net Revenue Growth

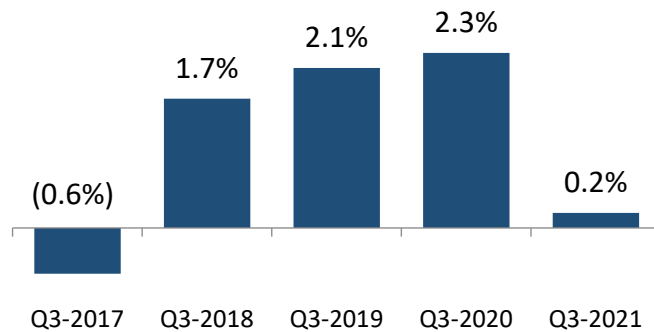


Net Consolidated Same Property Revenue Growth of 4.8% in Q3-2021

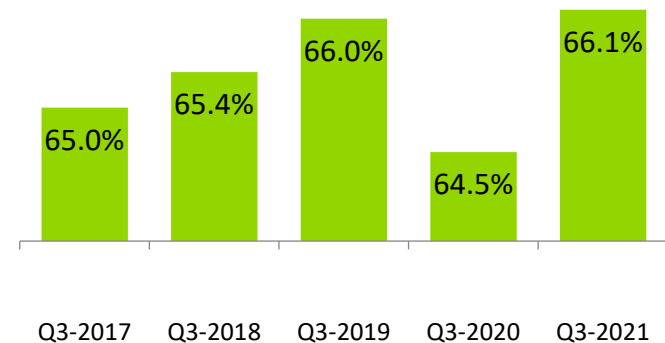
- Apt rental rate growth of 3.4%
- Apt occupancy increase of 90 bps
- Apt incentive offerings in select markets
- Seasonal revenue growth of 17.3% drove MHC revenue growth to 10.0%
- Commercial revenue growth of 8.0% with increased occupancy and reduction of bad debt and tenant abatements

Total operating expenses were comparable quarter over quarter. Actively appealing tax assessments, and the continuous investment into energy efficiency initiatives helped to mitigate rising cost pressures.

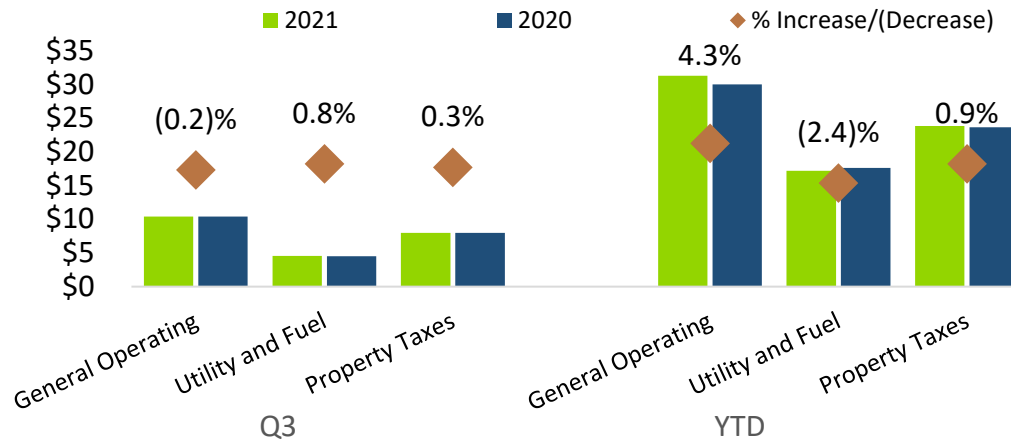
Same Property Expense Growth



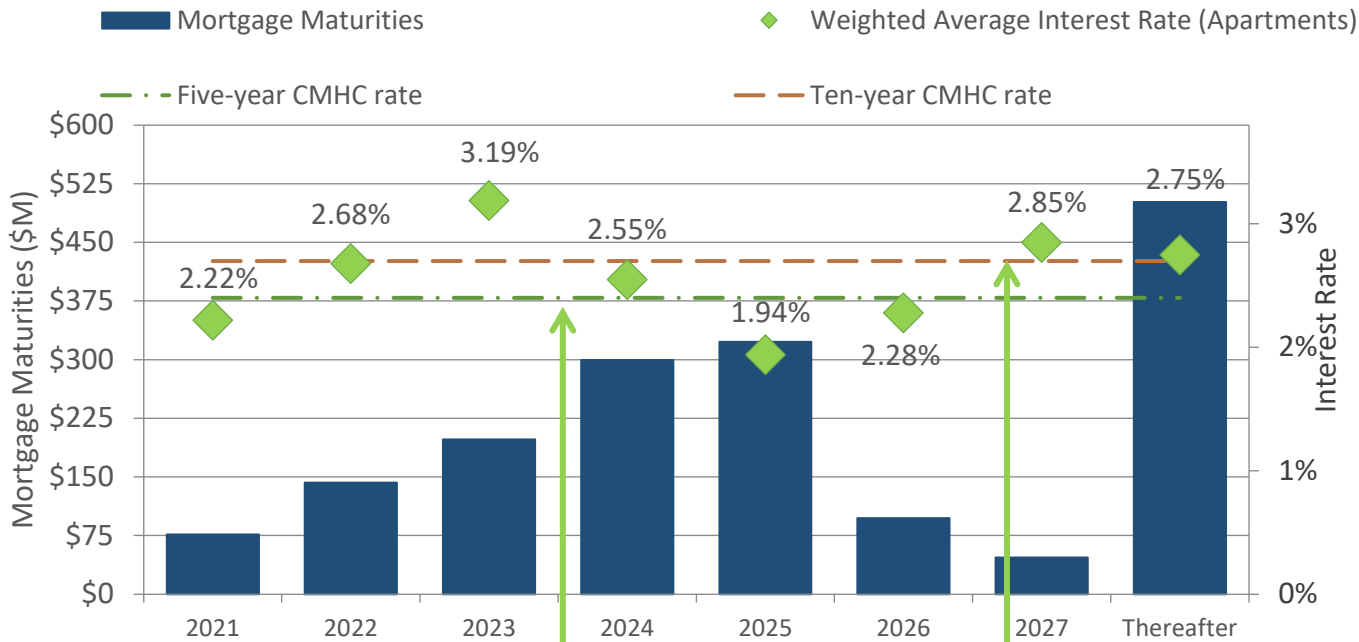
Same Property Operating Margin



Same Property Expense by Category (\$M)



Apartment Mortgage Maturities by Year
As at September 30, 2021

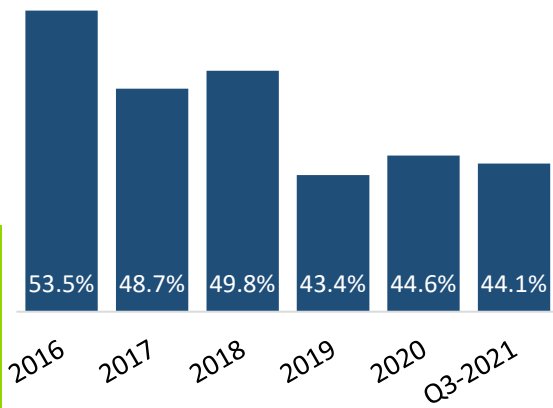


Current rate for 5-year and 10-year CMHC insured debt is approximately 2.4% and 2.7%.

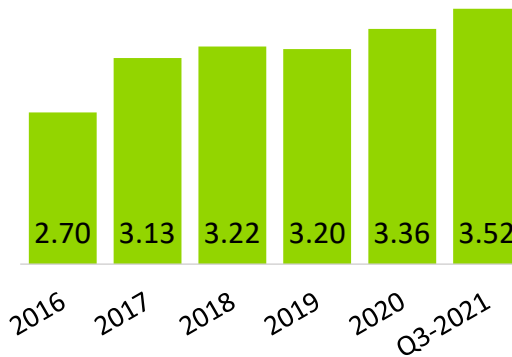
- 2.61% Current Weighted Average Interest Rate
- 4.1 years Weighted Average Term to Maturity
- 78% Apartment Mortgages CMHC Insured

Increasing value of investment properties with conservative debt metrics.

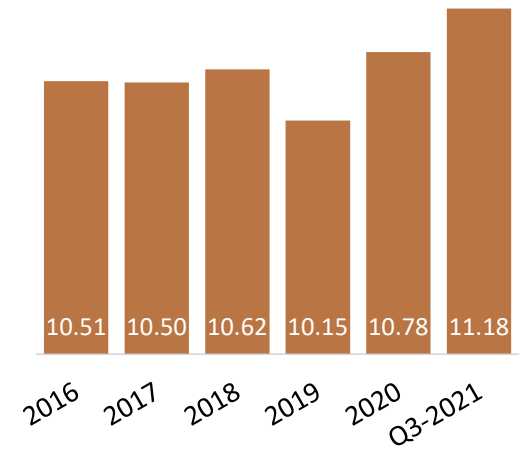
Debt as a % of Assets



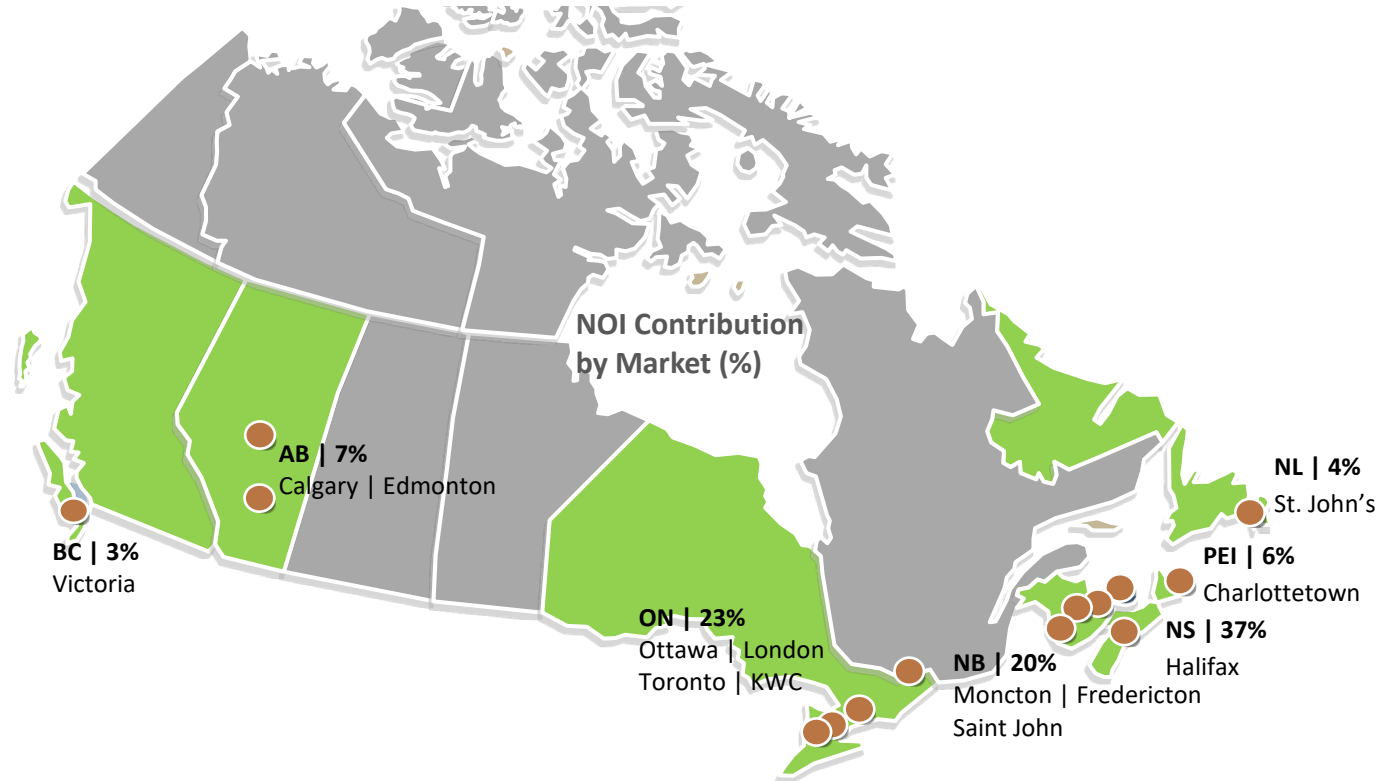
Interest Coverage Ratio



Debt to Normalized EBITDA



Best-in-class multi-family residential owner, operator and developer



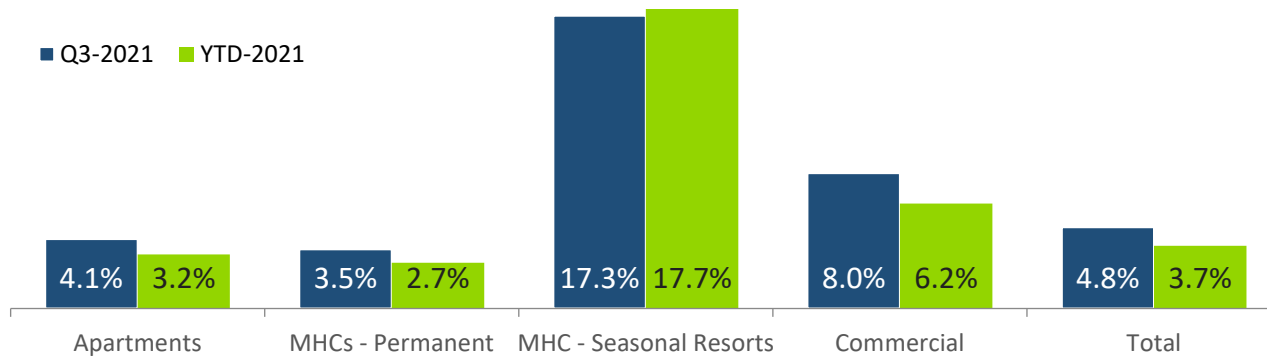
Killam's strategy to increase FFO, NAV and maximize value is focused on three priorities:

- Increase earnings from existing portfolio.
- Expand the portfolio and diversify geographically through accretive acquisitions, targeting newer properties.
- Develop high-quality properties in Killam's core markets.

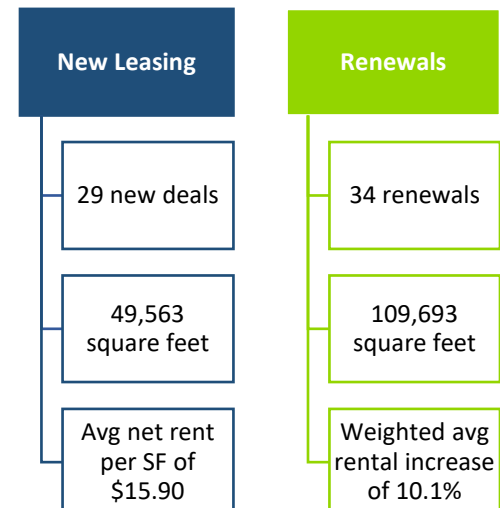
Q3-2021 | Revenue – By Segment

All property segments are contributing to the strong revenue growth year-to-date 2021; specifically the demand for apartments across the country, the rebound of the seasonal parks and strong commercial leasing.

Q3 & YTD 2021 Revenue Growth by Segment



Q3 Commercial Leasing



Revenue growth through unit repositions to meet market demand and optimize NOI growth and investment returns.



YTD-2021 Actuals

- 446 unit repositions
- 13% ROI
- \$26k avg investment



2021 Program

- 550 unit repositions
- ~\$14-16M investment
- ~\$1.8-2.0M annualized revenue



Total Opportunity

- 5,500 unit repositions
- ~\$140-165M investment
- ~\$18-21M annualized revenue growth

Based on a 4.42% cap rate this investment would increase the NAV by ~\$280M.

Killam delivers affordable, safe, clean and high-quality housing to our residents across Canada.

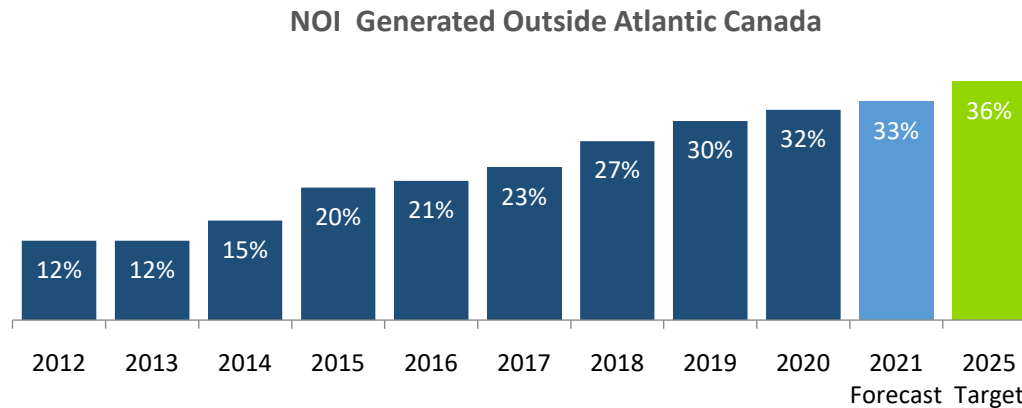
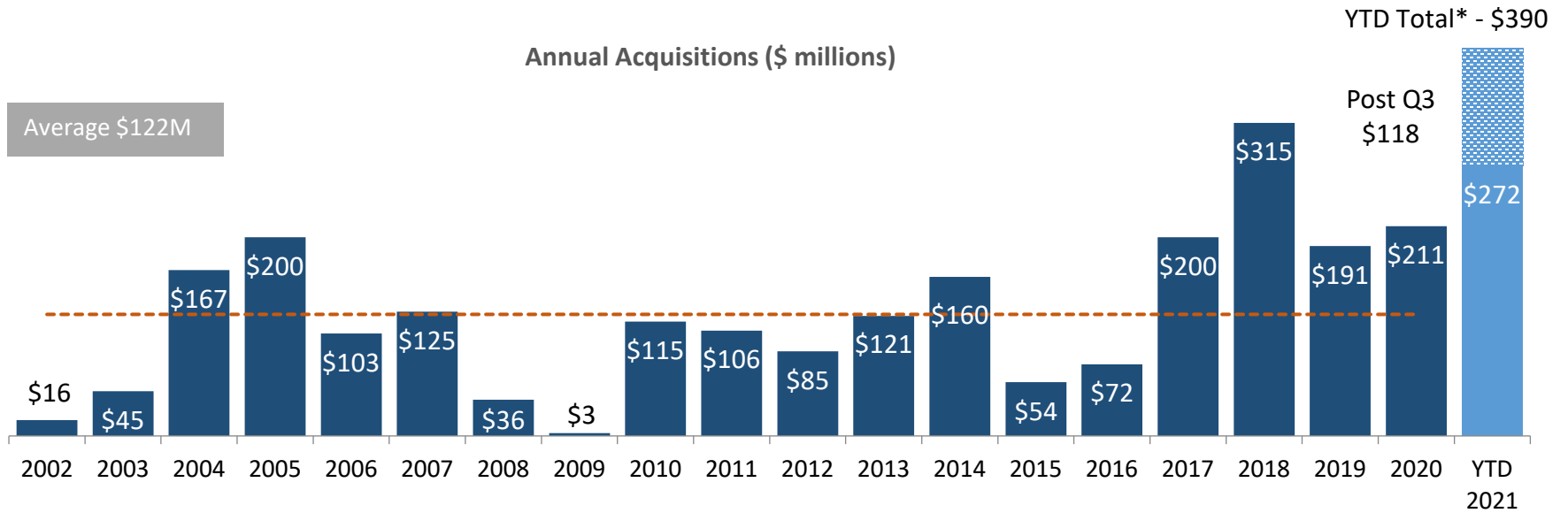
- 35% of Killam’s portfolio rents for less than \$1,000 per month.
- Average rent is \$1.44 per SF across the portfolio.
- Killam supports affordable housing with more than 850 subsidized units through community & government partnerships.

Shaunslieve, Halifax



Region	Killam’s Avg Rent as a % of Median Household Income ⁽¹⁾
Halifax	19.9%
Ottawa	23.7%
London	23.4%
Kitchener	20.1%
New Brunswick	17.9%
Prince Edward Island	18.0%
St. John’s	14.7%
Calgary	15.4%
Edmonton	17.8%
Victoria	25.9%

(1) Per CMHC Housing Market Information Portal - Median Household Income (Before Taxes), 2019



*Includes \$42.3 million acquisition expected to close on November 8, 2021.

140 Dale Drive | Charlottetown

61-units | 98% leased

Affordable Housing with CMHC National Housing Strategy program

Acquisition Details:

\$15.3 million (\$251,000/unit)

4.2% capitalization rate

\$11.1 million CMHC mortgage with 0.86% interest rate, 10-year term

\$900,000 forgivable loan

Construction completed: 2021

Acquisition date: October 6, 2021



Unit Mix	# of Units	Average Rent	Average Size	Rent per SF	% Leased
Affordable	30	\$971	855	\$1.14	100%
Market	31	\$1,502	855	\$1.76	90%
Total	61	\$1,240	855	\$1.45	95%

140 Dale Drive | 61 Units



Emma Place | 1321 Mountain Rd

118 units | Avg 1,035 SF | 91% leased
Avg Mth Rent \$1,402 per unit (\$1.35/SF)

Emma

Place

1321

Acquisition Details:

\$31.8 million (\$269,500/unit)

3.9% capitalization rate

Construction completed: 2020

Acquisition date: October 18, 2021

Emma Place | 118 Units



Heritage Valley Central | 11823 22nd Ave.

123 units | Avg 842 SF | 90% leased
Avg Mth Rent \$1,507 per unit (\$1.79/SF)



Acquisition Details:

\$28.9 million (\$235,000/unit)

4.7% capitalization rate

Construction completed: 2019

Acquisition Date: October 28, 2021

Nautical Luxury Suites at Summerside

4203-4211 Savaryn Drive SW

180 units | Avg 875 SF | 98% leased
Avg Mth Rent \$1,525 per unit (\$1.74/SF)



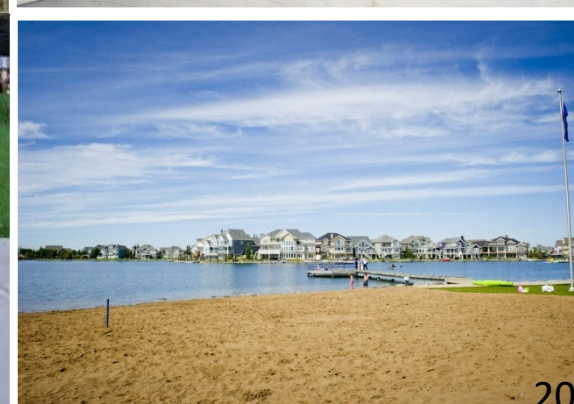
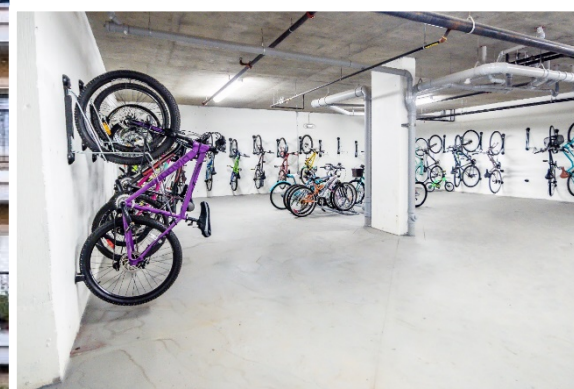
Acquisition Details:

\$42.3 million (\$235,000/unit)

4.9% capitalization rate

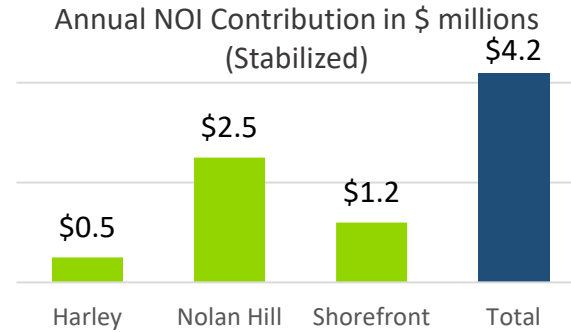
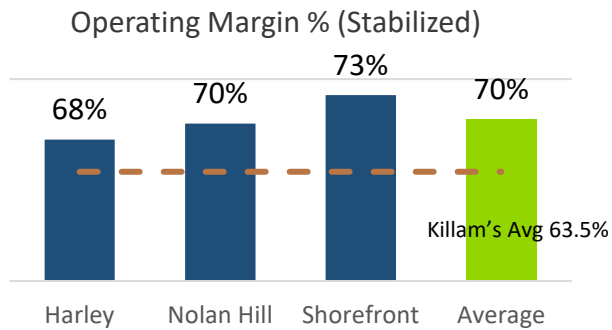
\$32.7 million mortgage with 2.3% interest rate, maturing March 2023

Expected closing: November 8, 2021



Q3-2021 | Strong Leasing of Developments

All three newly completed developments were fully leased by mid-2021. They contributed \$0.9 million to FFO in YTD-2021 and are expected to contribute over \$3.0 million of FFO on an annualized basis.



10 Harley | 38 units
Charlottetown



Nolan Hill | 233 units
Calgary



Shorefront | 78 units
Charlottetown



Q3-2021 | Development Progress

With Shorefront, Harley and Nolan Hill now open, Killam currently has five developments underway, which will add an additional 497 units to Killam's portfolio by the end of 2022. This current pipeline has a construction cost of ~\$239 million and is expected to start contributing to FFO per unit growth in 2022.



Latitude | 104 units ⁽¹⁾
Ottawa



The Kay | 128 units
Mississauga



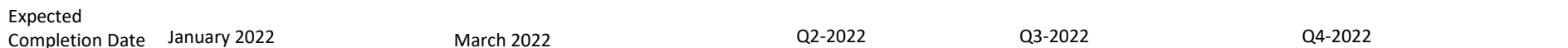
Luma | 84 units⁽¹⁾
Ottawa



Governor | 12 units
Halifax



Civic 66 | 169 units
Kitchener



(1) Represents Killam's 50% ownership

THE LATITUDE, 209-unit development is the second phase of the Gloucester City Centre development in Ottawa (50% interest).



Progress shots as of October 2021

GREEN FEATURES: Sub-metered water, geothermal heating and cooling



Key Statistics

Number of units	209
Start date	Q2-2019
Estimated completion date	Jan 2022
Project budget (\$M) ⁽¹⁾	\$43.5
Cost per unit	\$416,000
Expected yield	4.4%-4.6%
Expected value cap-rate	3.5%
Average unit size	803 SF
Average rent	\$2,085 (\$2.60/SF)

(1) Killam's 50% interest.

Q3-2021 | Development Activity - Mississauga

THE KAY, 128-unit development in Mississauga that broke ground in Q3-2019 and is expected to be completed by March 2022.

Key Statistics

Number of units	128
Start date	Q3-2019
Est. completion date	March 2022
Project budget (\$M)	\$57.0
Cost per unit	\$445,000
Expected yield	4.5%-4.75%
Expected cap-rate	3.5%
Avg unit size	748 SF
Avg rent	\$2.98 per SF

GREEN FEATURES:

Sub-metered water,
geothermal heating
and cooling



Q3-2021 | Development Activity - Ottawa

LUMA – 168-unit development in Ottawa that is expected to be completed in early 2022. (50% interest)



Key Statistics

Number of units	168
Estimated completion date	Q2-2022
Project budget (\$M) ⁽¹⁾	\$45.8
Cost per unit	\$545,000
Expected yield	4.0%-4.25%
Expected value cap-rate	3.5%
Avg rent	\$2.90 per SF
Avg unit size	748 SF

Progress shot as of October 2021



Q3-2021 | Development Activity - Halifax

THE GOVERNOR - 12 luxury units and 3,500 square foot ground floor commercial development in downtown Halifax.

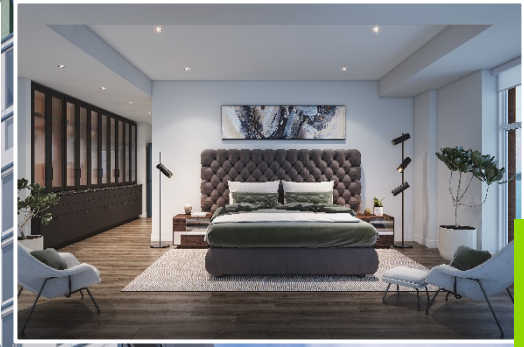
Key Statistics

Number of units	12
Start date	Q1-2021
Est. completion date	Q3-2022
Project budget (\$M)	\$22.8
Expected yield	4.25%-4.75%
Expected value cap-rate	3.5%
Avg unit size	2,350 SF +(330 SF terrace)
Avg rent	\$3.30 per SF





THE GOVERNOR



THE GOVERNOR

Q3-2021 | Development Activity - Kitchener

CIVIC 66 – 169-unit development in Kitchener that broke ground in Q3-2020 and is expected to be completed by Q4-2022.

Key Statistics

Number of units	169
Start date	Q3-2020
Est. completion date	Q4-2022
Project budget (\$M)	\$69.7
Cost per unit	\$412,000
Expected yield	4.75%-5.0%
Expected value cap-rate	3.5%
Avg unit size	780 SF
Avg rent	\$2.77 per SF

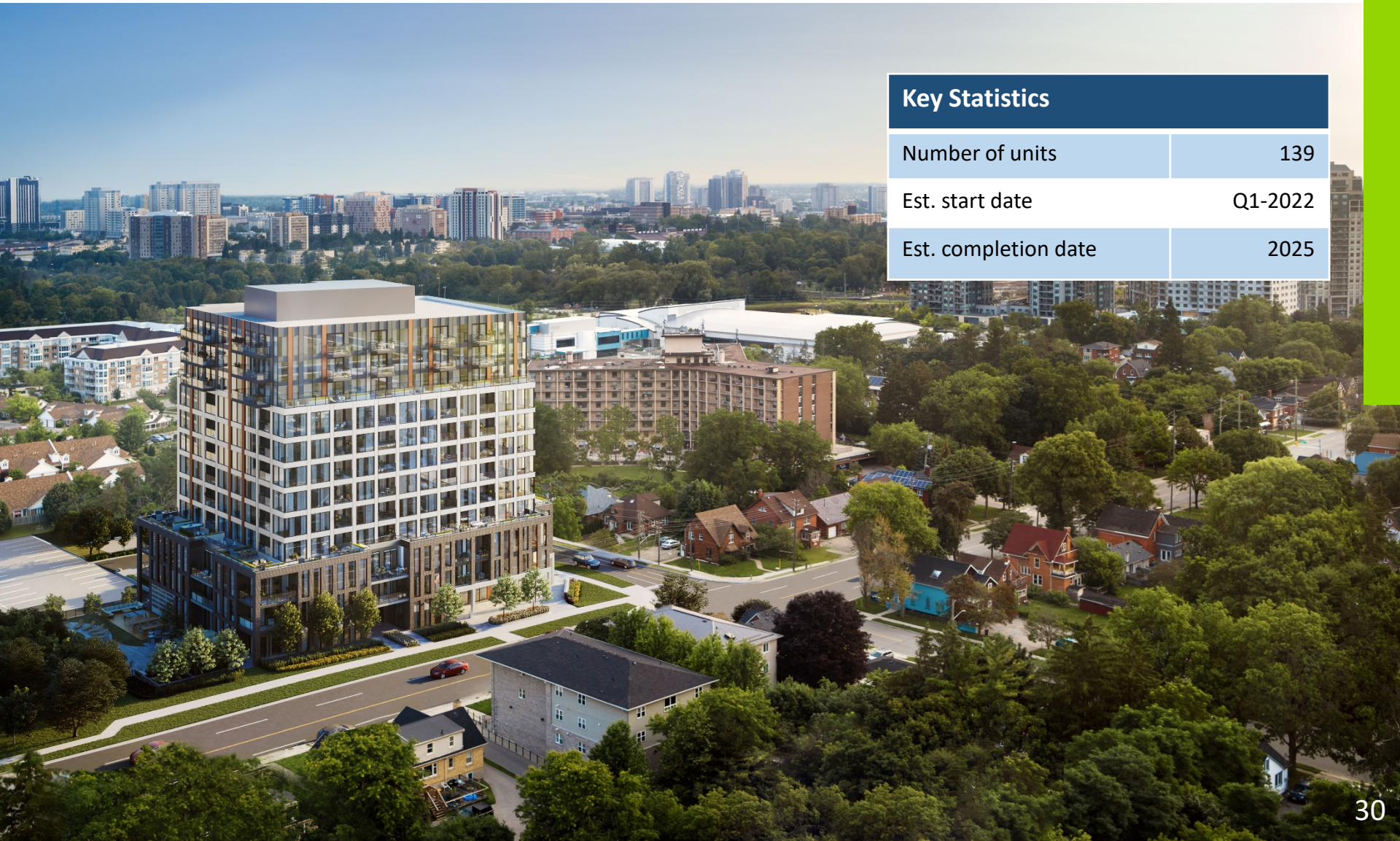


Q3-2021 | Future Development Activity – Westmount Phase 1



WESTMOUNT PHASE 1 – Expect to break ground on the 139-unit development in Waterloo in Q1-2022.

Key Statistics	
Number of units	139
Est. start date	Q1-2022
Est. completion date	2025



Q3-2021 | Future Development Activity - Halifax

EVENTIDE & AURORA – Expect to break ground on the two building, 120-unit development in Halifax in early 2022.

Key Statistics

Number of units	120
Est. start date	2022
Est. completion date	2025

Eventide & Aurora, exterior renderings



Q3-2021 | Development Pipeline - ~\$1.3 billion



Future Development Opportunities					
Property	Location	Killam's Interest	Potential # of Units ⁽¹⁾	Status	Est Year of Completion
<u>Developments expected to start in 2022</u>					
Nolan Hill (Phase 2) ⁽²⁾	Calgary, AB	10%	234	Detailed design, preparing submission	2023
Westmount Place (Phase 1)	Waterloo, ON	100%	139	As-of-right permit submission completed	2024
Eventide & Aurora	Halifax, NS	100%	120	Final planning approval pending	2025
<u>Developments expected to start in 2023-2027</u>					
Stratford Land	Charlottetown, PE	100%	100	In design	2025
Sherwood Crossing	Charlottetown, PE	100%	325	In design	2025
Medical Arts	Halifax, NS	100%	200	Concept design	2025
Westmount Place (Phase 2)	Waterloo, ON	100%	150	In design	2026
Hollis Street	Halifax, NS	100%	100	Concept design	2026
Gloucester City Centre (Phase 3)	Ottawa, ON	50%	200	In design	2026
<u>Additional future development projects</u>					
Nolan Hill (Phase 3-4) ⁽²⁾	Calgary, AB	10%	362	Future development	TBD
Christie Point	Victoria, BC	100%	312	Development agreement in place	TBD
Gloucester City Centre (Phase 4-5)	Ottawa, ON	50%	400	Future development	TBD
Westmount Place (Phase 3-5)	Waterloo, ON	100%	800	Future development	TBD
Kanata Lakes	Ottawa, ON	50%	80	Future development	TBD
St. George Street	Moncton, NB	100%	60	Future development	TBD
15 Haviland Street	Charlottetown, PE	100%	60-90	Future development	TBD
Topsail Road	St. John's, NL	100%	225	Future development	TBD
Block 4	St. John's, NL	100%	80	Future development	TBD
Total Development Opportunities			3,962		

(1) Represents total number of units in the potential development.

(2) Killam has a 10% interest in the remaining three phases of Nolan Hill development in Calgary, AB, which Killam expects to purchase upon completion of each phase.

Management believes these non-IFRS financial measures, ratios and supplementary information are relevant measures of the ability of the REIT to earn revenue and to evaluate Killam's financial performance. The non-IFRS measures should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS, as indicators of Killam's performance, or sustainability of Killam's distributions. These measures do not have standardized meanings under IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded organizations.

Non-IFRS Financial Measures

- Funds from operations (FFO) is a non-GAAP financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. FFO, and applicable per unit amounts, are calculated by Killam as net income adjusted for depreciation on an owner-occupied building, fair value gains (losses), interest expense related to exchangeable units, gains (losses) on disposition, deferred tax expense (recovery), unrealized gains (losses) on derivative liability, internal commercial leasing costs, interest expense related to lease liabilities, and non-controlling interest. FFO is calculated in accordance with the REALPAC definition.
- Adjusted funds from operations (AFFO) is a non-GAAP financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. AFFO, and applicable per unit amounts and payout ratios, are calculated by Killam as FFO less an allowance for maintenance capital expenditures ("capex") (a three-year rolling historical average capital spend to maintain and sustain Killam's properties), commercial leasing costs and straight-line commercial rents. AFFO is calculated in accordance with the REALPAC definition. Management considers AFFO an earnings metric.
- Adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA) is calculated by Killam as income before fair value adjustments, gains (losses) on disposition, income taxes, interest, depreciation and amortization.
- Normalized Adjusted EBITDA is calculated by Killam as adjusted EBITDA that has been normalized for a full year of stabilized earnings from recently completed acquisitions and developments, on a forward-looking basis.

Non-IFRS Ratios

- Interest coverage is calculated by dividing adjusted EBITDA by interest expense, less interest expense related to exchangeable units.
- Per unit calculations are calculated using the applicable non-IFRS financial measures noted above, i.e., FFO, AFFO and/or ACFO, divided by the basic or diluted number of units outstanding.
- Payout ratios are calculated using the distribution rate for the period divided by the applicable per unit amount i.e., AFFO and/or ACFO.
- Debt to normalized adjusted EBITDA is calculated by dividing interest-bearing debt (net of cash) by adjusted EBITDA that has further been adjusted for a full year of stabilized earnings from recently completed acquisitions and developments, on a forward-looking basis.

Supplementary Financial Measures

- Same property results in relation to Killam are revenues and property operating expenses for stabilized properties that Killam has owned for equivalent periods in 2021 and 2020. Same property results represent 86.9% of the fair value of Killam's investment property portfolio as at September 30, 2021. Excluded from same property results in 2021 are acquisitions, dispositions and developments completed in 2020 and 2021, and non-stabilized commercial properties linked to development projects.
- Same property average rent is calculated by taking a weighted average of the total residential rent for the months of the quarter ending divided by the number of the units per region for stabilized properties that Killam has owned for equivalent periods in 2021 and 2020. For total residential rents, rents for occupied units are contracted rent and rents for vacant units are estimated market rent.

Capital Management Financial Measure

- Debt to total assets is calculated by dividing total interest-bearing debt (net of cash) by total assets, excluding right-of-use assets.

See the Q3-2021 Management's Discussion and Analysis for further details on these non-IFRS measures and, where applicable, reconciliations to the most directly comparable IFRS measure.

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